

## Message Text

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PAGE 01 REYKJA 00976 280910Z  
ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 CIAE-00  
DODE-00 INR-10 NSAE-00 PA-01 /051 W  
-----118709 280917Z /21

P R 271745Z JUL 78  
FM AMEMBASSY REYKJAVIK  
TO SECSTATE WASHDC PRIORITY 8592  
INFO COMICEDEFOR KEFLAVIK IC  
USICA WASHDC

C O N F I D E N T I A L REYKJAVIK 0976

E.O. 11652: GDS  
TAGS: PROP, IC  
SUBJECT: ALLEGED CIA ACTIVITY IN ICELAND

REF: REYKJAVIK 0965

1. ALLEGATIONS IN THJODVILJINN THAT TWO ICELANDIC NEWSPAPERS AND THREE JOURNALISTS WERE ON CIA PAYROLL (REFTEL) WERE SHARPLY ATTACKED IN JULY 26 MORGUNBLADID. MORGUNBLADID FOUND THJODVILJINN CHARGE VILE AND SCURRILOUS, ALTHOUGH COMMENTARY DID NOT SPECIFICALLY DENY IT. IN JULY 27 EDITION, THJODVILJINN MADE ANOTHER JAB AT MORGUNBLADID AND ITS REACTION. THJODVILJINN NOTED WITH MOCK INNOCENCE THAT IT HAD NOT INVENTED CHARGE BUT WAS MERELY REPEATING WHAT WAS IN "CIA INSIDER". THJODVILJINN DID NOT KNOW WHO WAS BEHIND PUBLICATION BUT SUGGESTED THAT IT COULD EVEN HAVE BEEN CIA ITSELF FOR SOME UNKNOWN REASON.

2. INDEPENDENCE PARTY-AFFILIATED VISIR, ONE OF WHOSE WRITERS WAS NAMED ALONG WITH MORGUNBLADID AS COOPERATING WITH CIA, NOTED IN BRIEF FRONT PAGE ITEM JULY 27 THAT ACCORDING TO "CIA INSIDER" IT WAS IN COMPANY OF WASHINGTON POST, LE FIGARO, DIE WELT, THE TIME (PRESUMABLY OF LONDON), AND AFTENPOSTEN, AMONG OTHERS. PAGE TWO VISIR ARTICLE WAS CONFIDENTIAL

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INTERVIEW WITH MATTHIAS JOHANNESSEN AND INDRIDI THORSTEINSSON, BOTH NAMED IN THJODVILJINN ARTICLE AND BOTH OF WHOM ANGRILY DENIED ANY LINK TO CIA. IN SEPARATE COMMENTS, THEY SAID THAT THEIR NAMES MUST HAVE BEEN PASSED TO AUTHORS OF "CIA INSIDER" BY ICELANDIC LEFTISTS SINCE JOHANNESSEN AND THORSTEINSSON WERE SCARCELY KNOWN OUTSIDE OF COUNTRY. THIS MAY BE PART OF SOME "DISINFORMATION" CAMPAIGN TO DISCREDIT THEM, THEY ARGUED,

AND CHARGE WAS TANTAMOUNT TO CALLING THEM SPIES AND TRAITORS TO ICELAND.

3. EMBASSY LOCAL REPORTS THAT HE WAS CORNERED BY JOHANNESSEN AT POLITICAL MEETING LAST NIGHT AND THAT JOHANNESSEN WAS ANGRY AND UPSET BY THJODVILJINN ARTICLE (JULY 25). HE WANTED EMBASSY TO PROVIDE INFORMATION ON "CIA INTERPRESS", WHICH WAS GIVEN AS PUBLISHER OF "CIA INSIDER", WANTED TO NAIL THE ISSUE SHUT, AND SOUGHT EMBASSY BACKGROUND. JOHANNESSEN CONTACTED LOCAL AGAIN TODAY FOLLOWING PUBLICATION OF NEW STORIES CITED ABOVE IN THJODVILJINN AND VISIR. LOCAL EMPLOYEE SAID THAT EMBASSY HAD NO INFORMATION ON "CIA INSIDER". STILL ANIMATED, JOHANNESSEN ASKED FOR STATEMENT FROM CIA AND/OR EMBASSY THAT WOULD DECLARE OUTRIGHT THAT HE HAD NEVER HAD CIA CONNECTION.

4. COMMENT: UNLESS HE COOLS OFF, JOHANNESSEN MAY SEEK STATEMENT WE CANNOT PROVIDE UNDER GUIDANCE SUPPLIED BY DEPARTMENT (STATE 14020). NEVERTHELESS, WE INTEND TO USE IT IN RESPONSE TO ANY QUERIES BY MORGUNBLADID OR OTHER NEWSPAPERS, BUT WOULD APPRECIATE ANY ADDITIONAL COMMENTS DEPARTMENT MAY WISH OFFER, INCLUDING ANY INFO ON "CIA INSIDER" OR "CIA INTERPRESS" WHICH WE WOULD DISCREETLY PASS ALONG AND WHICH WOULD PUT STORY IN PROPER PERSPECTIVE. JOHANNESSEN IS LONG-TIME FRIEND OF US, AND MORGUNBLADID IS STRONG SUPPORTER OF IDF AND OF NATO AND CRITIC OF SOVIET  
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POLICIES. THIS, OF COURSE, MAKES THEM NATURAL TARGET FOR ATTACK SUCH AS HAS NOW OCCURRED, AND WE ARE THEREFORE MINDFUL THAT THEIR CRITICS, HERE OR ABROAD, ARE NOT LIKELY TO ACCEPT AS CREDIBLE ANY STATEMENTS WE MIGHT OFFER DENYING THEIR INVOLVEMENT WITH CIA.  
BLAKE

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## Message Attributes

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**Review Markings:**  
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